

Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-10 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04

USIA-15 PRS-01 /187 R

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON

INFO AMEMBASSY TOKYO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY DUBLIN

AMEMBASSY OTTAWA

AMEMBASSY BRUSSELS

AMEMBASSY LUXEMBOURG

AMEMBASSY WARSAW

AMEMBASSY CANBERRA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L STATE 039165

E.O. 11652:GDS-DECLAS. DEC. 31, 1980

TAGS:ENRG, UK

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SUBJECT:FEARS OF US COAL EXPORT EMBARGO

REF: (A) LONDON 2061, (B) LONDON 2312 (NOTAL)

1. RECURRENT RUMORS THAT USG INTENDS TO EMBARGO OR OTHERWISE LIMIT COAL EXPORTS HAVE NO CURRENT BASIS IN FACT. RUMORS UNDOUBTEDLY HAVE RESULTED FROM PERIODIC INTRODUCTION OF LEGISLATION (MOST RECENTLY BY CONGRESSMAN HECKLER AND SENATOR HARTKE) WHICH COULD LEAD TO A BAN OR REDUCED EXPORTS OF US COKING AND STEAM COALS. SUCH LEGISLATION IS OPPOSED BY THE ADMINISTRATION AND CURRENTLY HAS LITTLE SUPPORT IN CONGRESS.

2. STRIKES, RELATED INDUSTRIAL STRIFE AND LOWER THAN EXPECTED PRODUCTIVITY HAVE MADE IT NECESSARY FOR MANY US COAL COMPANIES TO PRO-RATE AVAILABLE COAL TO US AND OVERSEAS CUSTOMERS. MUCH OF 1974 PRODUCTION ALREADY HAS BEEN CONTRACTED FOR AND FEW US COMPANIES ARE WILLING TO ENTER INTO ADDITIONAL COMMITMENTS. UNDER CIRCUMSTANCES, WE BELIEVE IT UNLIKELY THAT SUBSTANTIAL, IF ANY, ADDITIONAL US COAL WILL BE AVAILABLE FOR EXPORT IN FORESEEABLE FUTURE.

3. IN THE EVENT THAT CURRENT STRINGENT SUPPLY SITUATION PERSISTS AND THE USG DEEMS IT NECESSARY TO INSTITUTE SOME FORM OF EXPORT CONTROLS, WE WOULD HOPE TO PROVIDE SOME ADVANCE

WARNING TO TRADITIONAL BUYERS WITH OPPORTUNITY FOR COMMENT. AS IN THE CASE WITH PETROLEUM PRODUCTS, WE WOULD EXPECT ANY QUOTA SYSTEM TO BE BASED ON HISTORICAL TRADE PATTERNS AND NOT RESULT IN ANY NET LOSS TO ESTABLISHED BUYERS.

4. ADDRESSEES MAY DRAW ON THE ABOVE IN RESPONDING TO ANY INQUIRIES POSED BY HOST GOVERNMENT OR LOCAL INDUSTRY.

5. FYI: UNDER "PROJECT INDEPENDENCE", AS CURRENTLY ENVISAGED, US COAL EXPORTS WILL REMAIN AT ABOUT CURRENT LEVELS, 53 MILLION TONS PER YEAR, THROUGH 1985. POSSIBILITY EXISTS THAT US MAY HAVE TO TAKE STEPS TO CONTROL EXPORTS OF COAL MINING EQUIPMENT TO
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PERMIT DOUBLING OF DOMESTIC COAL PRODUCTION, TO 1.200 MILLION TONS, BY 1985. END FYI.

6. FOR LONDON: RE PARA 10 REF B, WE ARE UNABLE TO OBTAIN PRICE QUOTATIONS ON COAL FOR EXPORT WITHOUT SPECIFIC INFORMATION ON TYPE AND QUALITY, AMOUNT, AND TIMING OF DELIVERY OF COAL DESIRED. IN VIEW COAL AVAILABILITY SITUATION DESCRIBED PARAS 2 AND 5 ABOVE, WE DOUBT

WHETHER ANY SIGNIFICANT QUANTITIES OF COAL WILL BE
AVAILABLE FOR EXPORT IN SHORT AND MEDIUM TERM. CASEY

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